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"Child Care: Supporting Working Families"

Ann S. Williamson, Assistant Secretary, Louisiana Department of Social Services

Good Afternoon, Committee members. Thank you for inviting me to speak with you on behalf of the state of Louisiana and as the state administrator of the Child Care Assistance Program.

OVERVIEW

Louisiana has targeted our welfare reform efforts on anti-poverty and welfare prevention initiatives. In the current year, our state has invested over \$120 million in strategies such as skills upgrades, employment training and after school enrichment to reduce poverty and assist families in maintaining their independence. Programming in Louisiana is focused on preparing families for work and enabling them to advance in their employment once they have a job. Next year, Louisiana has proposed to spend over \$140 million on non-assistance activities including doubling the 4-year old Pre-K initiative to \$32 million, investing in child literacy and continuing employment upgrades. We are currently most fortunate to have an administration that has taken full advantage of the flexible programming afforded to states through the TANF block grant. Furthermore, our Governor has served as a leading proponent of innovative investments in prevention efforts to help keep families off of welfare and avoid any cycle of dependence. As the poorest state in the nation, with high school drop out rates in the double digits and low literacy levels, Louisiana's commitment to work is evidenced in our 24 month time limit for receiving cash assistance.

Louisiana's commitment to promoting work and strengthening families is also emphasized through revised Child Care policies and procedures that were implemented on March 1st. Our state has increased the eligibility to from 60% to 75% of the state median income and has increased the co-payments made by the state to 100% for the poorest recipients. Also, Louisiana recognizes the value that local communities and stakeholders can bring to the process of developing effective child care programming. Consequently, we have facilitated collaborative efforts among Head Starts, private and public child care providers throughout the state.

While we are proud of these achievements, there are many needs surrounding the child care assistance program that require attention.

STATE FACTS

- Prior to the policy changes outlined above, Louisiana served 38,000 children and spending approximately \$7.7 million per month for families receiving cash assistance and those who have transitioned off.
- Within our sliding fee scale, a family of 3 with a monthly income of \$1,219 qualifies for child care assistance requiring no co-payment; a family of 3 with a monthly income above \$2,596 exceeds eligibility for assistance.
- We pay licensed providers \$15 per child per day for care which is \$10 less than the market rate of \$25. We are asking providers to receive less money while caring for more vulnerable children.
- Only 25% of families who have left the cash assistance caseloads are enrolled in the Child Care Assistance Program.
- If Louisiana increased the eligibility to 85% State Median Income, that would mean approximately \$8.4 million more funding would be required annually.
- The average parent with a child in care works a little over twenty hours a week; if required to work 40 hours a week, costs will almost double.
- There is a shortage of providers in the rural Louisiana; we are unable to aggressively recruit and retain providers due to such low reimbursement rates.

NATIONAL FACTS

At the national level, attention has turned to rethinking child care and early education not only because of the importance of this support to enable parents to work but also due to the fact that we know how early brain development influences learning. Evidence abounds regarding the importance of child care, yet we have not realized all of the solutions to problems in this system of caring for our youngest citizens.

- In the South, it is more expensive to send a four-year-old child to daycare for one year than to send a student to one year of college at a public university.
- The average staff turnover in child care is over 30%
- Many states still struggle to reach the national maximum eligibility target of 85% state median income.
- Unfortunately many parents who are unable to find regular employment end up working at temporary or part time jobs that are often at odd hours and require unusual child care arrangements that offer little overall stability. Child Care policies do not support unique working situations of parents such as shift work and alternating hours.

According to the Southern Governors Association's brief on TANF Reauthorization, child care costs represent the third largest expense for most families and for those with incomes that are less than \$14,400 per year, which is about \$291 a week, it can consume up to 25 percent of their income. Furthermore, a family receiving \$7 per hour for 35 hours per week has a take home pay of about \$245. For this family, paying below market prices for child care would consume as much as 30% of their income.

As parents transition into employment, child care can be the difference between maintaining employment or returning back to the cash assistance caseloads. In states with shorter time limits, such as Louisiana, parents who have exhausted their 24 consecutive months do not necessarily have the

option of returning to cash assistance. This policy reinforces the importance of personal responsibility and the critical role of supportive services

CHALLENGES AND OPPORTUNITIES

The most critical needs surrounding child care involve: implementation and maintenance of quality programming, funding issues, as well as the availability and accessibility of care for working parents. Each of these components are at times involved in competition against one another. Constant choices are being made between increased quality and more affordable care for a broadened constituency.

QUALITY SERVICE

Accountability investments in K-12 system could realize even greater return with increased attention given to quality child care programming. In light of the fact that children are being held to higher expectations in traditional school settings, quality child care is necessary to ensure the readiness of children.

Effective training and continuing education for providers as well as competitive compensation to prevent rapid staff turnover are two critical components of developing quality child care. The recruitment and retention of quality providers is costly. Instructors are seeking smaller class sizes and lower student teacher ratios for the benefit of the children.

Engaging parents in the efforts to develop quality child care is just as essential as engaging providers.

The most progressive states such as North Carolina, Georgia and Montana to mention a few have programs such as teaching low income working parents how to become informed "shoppers" for quality child care. Parents must be equipped with a working knowledge of the components that indicate quality so that they may make the wisest decisions regarding the environment in which their child will be cared for, nurtured and intellectually challenged. Local social service case managers or analysts that administer the child care assistance program play a vital role in quality child care as well.

In Louisiana, parish office staff, who would be referred to as county office staff in other states; are held accountable for making the child care application, delivery and payment process as efficient and effective as possible. Parents are able to apply for assistance without having to physically visit our offices. An application form that can be mailed from and back to our offices was developed to avoid parents having to miss work or travel outside of their daily routines to receive services. Furthermore, when a parent transitions off of cash assistance in Louisiana, they are automatically entered into a system of care for low income working parents without interruption in service for the child.

Parents are offered assistance in selecting their child's provider through the services of community resource and referral agencies. Parental choice is promoted to empower working parents to make their own decisions regarding the care that best suits their family needs.

In Louisiana parents have the options of selecting a licensed, Class A facility or a family child day care home provider, such as a neighbor or relative. Regardless of the type of care, parents desire that their children are cared for in a quality setting.

Multiple needs children also deserve quality child care with appropriately individualized assistance.

States are grappling with the need to pay enhanced rates to providers that demonstrate a willingness and capacity to serve these infants and toddlers. Furthermore, specific provider training is required to see that supportive environments are created and maintained for such children.

FUNDING

Across the nation, current funds for child care and development only provided assistance to 10 percent of families who are eligible based on the federal criteria. Without adequate resources, States are hesitant to engage in aggressive outreach due to uncertainty of the demand exceeding resource capacity. There seems to be a constant struggle between the scenarios of having a waiting list for child care assistance which implies that States are not adequately responding to the needs of families or not having a waiting list which implies that States' eligibility criteria is too stringent. Currently, most States are operating child care assistance programs with a lower income eligibility than that encouraged by federal criteria. The need to provide child care assistance to a broader range of low income working parents and to a greater number of children remains.

As State directors work to administer these programs with the highest level of integrity, we are charged to balance our efforts between aggressive service delivery and fiscal responsibility. Decisions in such matters are best made when based upon proven best practices, scientific research, recent data and outcomes-focused evaluation results. It is costly to engage in such research and develop evaluation tools; so these efforts also factor into the balancing equation.

ACCESSIBILITY

Families must be able to access and pay for quality child care if states are to succeed in developing a work force that will foster a strengthened economy. Without dependable, valuable child care assistance, low income working parents are challenged to be dependable, valuable employees themselves and often struggle to balance these demands.

To various degrees across the nation, the business sector is involved in the child care assistance program. All states should commit to actively engaging the business sector in this area. Communities could benefit greatly by further educating employers about the importance of child care access, availability and quality. Effective child care programs benefit employers due to increased dependability from their staff and reduced staff turnover due to the availability of this support service.

Access to quality child care is an even greater challenge in rural communities. In St. Joseph, Louisiana, a town of 1700 residents with approximately 500 children; there are only two Class A licensed child care assistance providers and seven family child day care homes. Parents in rural areas such as this face the hurdles of less employment opportunities; less competitive pay for work; less coordinated transportation assistance, and less convenience to ensure that their child or children are safely and appropriately cared for during the work day. Consequently parents often rely on less structured facilities to enable them to maintain employment.

Low income working families in the urban settings also face challenges such as the need for night time child care to accommodate shift work. Families seek higher co-payment rates from the state to

accommodate the low wages that they earn. These parents experience multiple crises such as homelessness, substance abuse, domestic violence and community violence that keeps child care low on their list of priorities. These issues require a continuum of responses to allow children access to quality child care.

We must assess the functionality of our policies and procedures that govern the Child Care Assistance Program. Such guidelines should enable low income working parents in rural and urban settings to free themselves of ongoing dependence upon government supports.

BLOCK GRANTS

Complementing one another, the TANF block grant and Child Care and Development block grant together, create vital links to employment for low income parents. TANF work requirements mandate that support services such as childcare, transportation and family assistance adequately enable parents to become employed. Louisiana embraces this concept.

As a performance based budgeting state, Louisiana holds its state departments accountable through performance indicators. To illustrate an ongoing commitment to welfare reform, Louisiana recently revised our performance indicators for Louisiana's TANF program with an emphasis on outcomes. The percentage of cash assistance clients that access child care assistance upon gaining employment is included as a key indicator. It is incumbent upon state programs to ensure that services are not only available, but are delivered to families working toward independence.

A critical component of the TANF block grant is the 30 percent allowable transfer of TANF funds into the CCDF for child care assistance. Many states such as Louisiana take advantage of this allowable transfer because we recognize the connection between childcare and success in the workplace. For the continued success of TANF, transfer authority by States must be maintained in addition to allowing TANF funds to be spent directly on child care.

In a recent survey issued to Louisiana's social service analysts, most staff highlighted child care needs as an ongoing barrier to self sufficiency. They specifically identified the challenges of access and licensing standards for centers.

MOVING FORWARD

Louisiana and our fellow states are anxious to continue our welfare reform efforts with a child care assistance program that enables more working parents to attain true self-sufficiency while adequately preparing children to develop appropriately for the K-12 system. We also remain focused on the additional needs of providers and employers.

True success in the child care assistance program can only be realized once all stakeholders are active participants. It is the responsibility of State Administrators to garner the appropriate resources and facilitate that success. With increasing expectations placed upon TANF clients; states must be prepared to respond to equally increased needs for supportive services such as child care.

As our TANF investments illustrate, Louisiana is committed to serving working parents and their children. With particular emphasis on poverty prevention through early childhood care, education and development, we have confidence that the future for our youngest citizens will be filled with opportunities for them to succeed. It is their success that will illustrate the true achievement of our current welfare reform efforts.

Thank you.